



Jamie Webb
Acting Independent Chair
CUSC Panel

Nadir Hafeez
Ofgem
By email

15 December 2023

Dear Nadir

Connection and Use of System Code (CUSC) Modification Panel Request for Urgency and Recommended Timetable for **CMP427: Update to the Transmission Connection Application Process for Onshore Applicants.**

On 13 December 2023, National Grid ESO raised **CMP427**. The Proposer sent a request to the CUSC Panel Secretary for this modification to be treated as urgent.

CMP427 overview:

This modification proposes that a Letter of Authority (LoA) should be required for new Onshore Transmission Connection Applications.

All documentation for this modification can be located via the following link:

<https://www.nationalgrideso.com/industry-information/codes/cusc/modifications/cmp427-update-transmission-connection-application-process-onshore-applicants>

The CUSC Modifications Panel ("the Panel") on 15 December 2023 considered **CMP427** and the associated request for urgency. This letter sets out the views of the Panel on the request for urgent treatment and the procedure and timetable that the Panel recommends.

The Proposer set out their rationale for Urgency against Ofgem's Urgency criteria (a) which is as follows:

a) A significant commercial impact on parties, consumers or other stakeholder(s).

The Energy Act 2023 gave OFGEM a statutory net zero duty to protect the interests of existing and future energy consumers, supporting the government in meeting its legal obligation to meet net zero by 2050. This modification is supporting Ofgem in phasing out the first-come first-served queuing system by raising the entry requirements to increase the quality of projects applying for transmission connections and deter speculative connection applications. This modification is part of the suite of Connections Action Plan (CAP) initiatives that Ofgem and DESNZ are proposing to help tackle the stark delays in the current connection queue by releasing over 100GW of capacity for new projects – around a quarter of the electricity needed to power the economy in 2050.

ESO

The Connections Action Plan is setting out what needs to be done to improve and speed up the connections process. In the Ofgem Foreword contained within the CAP, the Plan “is a call for network companies, the system operator, and the sector as a whole to deliver a major step change in the pace of connections; strengthening incentives, obligations, and requirements to do so. It also asks connections customers to be realistic and flexible in their connection requirements, and to engage on our proposals as they develop. Finally, building on our recent actions, it sends a clear message to stalled ‘zombie’ projects that they need to use their place in the connections queue or lose it: a big step towards moving away from the first-come first-served system.”

Collectively, the CAP seeks to get the majority of projects connected by their requested connection date, up from 14% today, and to reduce the average delay a project faces in connecting to the transmission network from five years to six months.

The need to raise a modification to introduce an LoA into the CUSC is highlighted within the CAP. The document states “As the current transmission connection application requirements are set out in the Connection and Use of System Code (CUSC), CUSC amendments would be required to introduce binding LoA requirements for applicants. We therefore encourage the ESO to rapidly bring forward proposals, in Q1 2024 or sooner, through the CUSC process which would establish a robust and effective LoA requirement. We encourage the ESO to consider and bring forward proposals for those LoA elements that will be most effective, and deliver the most benefit, but that can still be brought forward in a timely manner, for submission of a Final Modification Report (FMR) by March 2024”. Page 36 of the CAP also states that “the requirement for an LoA for new transmission connection applications should have an immediate impact on the number of speculative projects submitted, which should be reflected in the numbers of applications joining the queue each month”. GEMA and DESNZ, acting in the interests of the consumer, have made this request publicly and therefore we would suggest this modification is urgent from a consumer angle. When considered along with the implementation of CMP376, we believe that the LoA will support this modification and should be implemented to support the queue management process as soon as practicable.

Currently, it is only at the M3 milestone within Queue Management where we have evidence that the Applicant has engaged with the landowner, which is late in the end-to-end process. Introducing a LoA earlier in the process will allow the ESO to have a much earlier indication of parties which are actively in discussions with landowners. We see a benefit to early discussions between Applicants and landowners which may raise the likelihood of a project progressing and overall help to reduce the number of projects failing to connect to the NETS - which currently has a failure rate of circa 60/70%. Introducing this as an urgent requirement within the CUSC will result in a reduction in speculative transmission connection applications. A reduction in speculative applications will allow for an earlier connection date for viable projects and prevent unnecessary system design and reinforcement, and the associated resource and cost in doing this.

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This modification should help reduce unnecessary network capacity allocation and network design, leading to lower TNUoS costs. An increase in new connections may also translate into better options for decisions in balancing services, leading to BSUoS efficiencies. There should be less speculative projects and so less cancellations, lowering risk of costs.

Panel Consideration of the Request for Urgency

The Panel considered the request for urgency with reference to [Ofgem Guidance on Code Modification Urgency Criteria](#). The unanimous view of the Panel is that **CMP427 does meet** Ofgem's Urgency criteria¹. Therefore, the recommendation of the Panel is that **CMP427 should** be treated as an Urgent CUSC Modification Proposal.

Panel members set out their rationale behind this decision:

- Panel recognised and agreed with the Proposer's justification for urgency against Ofgem's criteria (a).
- Some Panel members agreed that in light of the position set out on pages 34-36 of the Connection Action Plan they believed that a significant impact to consumers has been identified.
- A Panel member recognised that the solution could have a significant difference on the number of applications submitted to NGESO, which can have a significant impact on the resourcing and hiring requirements of the business. Therefore, urgency is required to ensure NGESO has certainty and can budget accordingly.
- A Panel member observed that the Proposer is seeking alignment with the timeline as described in the Connections Action Plan, which requires Urgency and that the Authority clearly believes this is a pressing matter but doesn't detail the nature of material impact to consumers that would result from a delay.

Procedure and Timetable

The Panel discussed an appropriate timetable for **CMP427** in the instance that urgency is granted.

The Panel agreed that **CMP427** subject to Ofgem's decision on Urgency should follow the attached Code Administrator's proposed timetable (Appendix 1 **Urgent recommendation**). In Appendix 2 of this letter, the Code Administrator has also provided the timeline if this follows standard timescales with the assumption that Panel prioritise this high in the prioritisation stack.

¹ Ofgem's current view is that an urgent modification should be linked to an imminent issue or a current issue that if not urgently addressed may cause:

- a) A significant commercial impact on parties, consumers or other stakeholder(s); or
- b) A significant impact on the safety and security of the electricity and/or gas systems; or
- c) A party to be in breach of any relevant legal requirements.



Panel noted that if urgency is required, there would be;

- A Workgroup Consultation period of less than 15 working days
- Code Administrator Consultation period of less than 15 working days;
- There would be less than 5 clear working days between publication of the Draft Final Modification Report and Panel's recommendation; and
- There would be less than 5 clear working days for Panel to check that their Recommendation Vote had been recorded correctly

Under CUSC Section 8.24.4 we are now consulting the Authority as to whether this Modification is an Urgent CUSC Modification Proposal.

Please do not hesitate to contact me if you have any questions on this letter or the proposed process and timetable. I look forward to receiving your response.

Yours sincerely

J. Webb

Jamie Webb
Acting Independent Chair of the CUSC Panel

Appendix 1– Urgent Timeline

Modification Stage	Date
Modification presented to Panel	15 December 2023
Workgroup Nominations	15 December 2023 to 05 January 2024
Ofgem decision on Urgency	21 December 2023 (5pm)
Workgroup 1	09 January 2024
Workgroup 2	15 January 2024
Workgroup 3	17 January 2024
Workgroup 4	19 January 2024
Workgroup Consultation (5 working days)	22 January 2024 to 26 January 2024
Workgroup 5	31 January 2024
Workgroup 6	05 February 2024
Workgroup report issued to Panel	07 February 2024
Panel sign off that Workgroup Report has met its Terms of Reference	09 February 2024
Code Administrator Consultation (5 working days)	12 February 2024 to 16 February 2024
Draft Final Modification Report issued to Panel and Industry	21 February 2024
Draft Final Modification Report presented to Panel / Panel Recommendation Vote	23 February 2024

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Final Modification Report issued to Panel to check votes recorded correctly	23 February 2024 (2pm - 4pm)
Submit Final Modification Report to Authority	23 February 2024 by 5pm
Authority Decision	01 March 2024
Date of Implementation	15 March 2024 (10 WD after Authority Decision)

Appendix 2 – Standard Timeline

Modification Stage	Date
Modification presented to Panel	15 December 2023
Workgroup Nominations	18 December 2023 to 10 January 2024
Workgroup 1	22 January 2024
Workgroup 2	15 February 2024
Workgroup 3	01 March 2024
Workgroup Consultation (15 working days)	11 March 2024 to 29 March 2024
Workgroup 4	11 April 2024
Workgroup 5	25 April 2024
Workgroup report issued to Panel	24 May 2024
Panel sign off that Workgroup Report has met its Terms of Reference	31 May 2023
Code Administrator Consultation (15 working days)	6 June 2024 to 26 June 2024
Draft Final Modification Report issued to Panel and Industry	19 July 2024
Draft Final Modification Report presented to Panel / Panel Recommendation Vote	26 July 2024
Final Modification Report issued to Panel to check votes recorded correctly	29 July to 02 August 2024
Submit Final Modification Report to Authority	06 August 2024
Authority Decision	TBC
Date of Implementation	10 WD after Authority Decision

Appendix 3 – Panel Urgency Vote

See separate attachment